

COMMITTEE ON EDUCATION (K-12)  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2469  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-103, Arizona Revised Statutes, is amended  
3 effective from and after June 30, 2008, to read:

4 15-103. School districts; financial mismanagement;  
5 intervention; violation; classification; definitions

6 A. The state board of education shall review allegations of school  
7 district insolvency and gross mismanagement. The state board shall give the  
8 school district an opportunity to respond to these allegations at a public  
9 meeting. If the state board determines that the school district is insolvent  
10 or has grossly mismanaged its finances, the state board shall appoint a  
11 receiver for that school district.

12 B. The state board shall find a school district insolvent if it finds  
13 one or more of the following:

14 1. The school district is unable to pay debts as they fall due or in  
15 the usual course of business.

16 2. The salaries of any teachers or other employees have remained  
17 unpaid for forty-five days.

18 3. The tuition due another school district or other state institution  
19 remains unpaid on or after January 1 of the year following the school year it  
20 was due and there is no dispute regarding the validity or amount of the  
21 claim.

22 4. The school district has defaulted in payment of its bonds or  
23 interest on bonds or in payment of rentals due any state or federal authority  
24 or private business for a period of sixty calendar days and no action has  
25 been initiated within that period of time to make payment.

26 5. The school district has contracted for any loan not authorized by  
27 law.

28 6. The school district has accumulated and has operated with a deficit  
29 equal to five per cent or more of the school district's revenue control limit  
30 for any fiscal year within the past two fiscal years OR THE CONDITIONS  
31 PRESCRIBED IN SECTION 15-107 HAVE OCCURRED.

32 7. The school district's warrants have not been honored for payment by  
33 the school district's servicing bank or by the county treasurer and the  
34 warrants have remained unpaid for a period of more than sixty calendar days.

1 C. No school district shall be deemed to be insolvent pursuant to  
2 subsection B of this section if the circumstances are the result of the  
3 failure of the state to make any payments of monies due the school district  
4 at the time payment is due.

5 D. The state board of education shall have jurisdiction over all  
6 petitions requesting that a school district be placed in receivership and a  
7 receiver be appointed because of the school district's alleged insolvency or  
8 gross mismanagement. The state board shall have the burden of demonstrating  
9 by a preponderance of the evidence that the school district is insolvent or  
10 is engaged in gross mismanagement.

11 E. If the state board of education finds that the school district is  
12 insolvent or has engaged in gross mismanagement, the state board shall place  
13 the school district in receivership and appoint a receiver recommended by the  
14 state board. The state board shall develop and adopt a list of qualified  
15 receivers to be appointed by the board.

16 F. On appointment, the receiver MAY PERFORM ANY OF THE ACTIONS  
17 PRESCRIBED IN THIS SUBSECTION AND shall begin a full review and investigation  
18 of the school district's financial affairs and submit to the state board of  
19 education a detailed report listing the findings of that investigation that  
20 shall include a financial improvement plan and budget that details how the  
21 school district will eliminate any continued gross financial mismanagement  
22 and achieve financial solvency. The plan shall include a proposed timeline  
23 for achieving financial solvency. The receiver shall submit the report  
24 within one hundred twenty days after the receiver's appointment. The  
25 financial improvement plan approved by the state board of education may  
26 authorize the receiver to do any of the following:

27 1. Override any decisions of the school district's governing board or  
28 the school district superintendent, or both, concerning the management and  
29 operation of the school district, and initiate and make decisions concerning  
30 the management and operation of the school district.

31 2. Attend any and all meetings of the school district's governing  
32 board and administrative staff.

33 3. Supervise the day-to-day activities of the school district's staff,  
34 including reassigning the duties and responsibilities of personnel in a  
35 manner that, in the determination of the receiver, best suits the needs of  
36 the school district.

37 4. Place on extended leave, suspend or terminate for cause the school  
38 district's superintendent or chief financial officer, or both. A person  
39 terminated pursuant to this paragraph may appeal the receiver's decision to

1 the state board of education if an appeal is filed with the state board  
2 within thirty days of receiving notice of the termination.

3 5. Authorize pupils to transfer from schools operated by the school  
4 district to schools operated by another school district that is not currently  
5 in receivership.

6 6. Appoint a chief educational officer who shall possess the powers  
7 and duties of a school district superintendent. A chief educational officer  
8 who is appointed pursuant to this paragraph shall hold a valid administrative  
9 certificate.

10 7. Appoint a chief fiscal officer who shall possess the powers and  
11 duties of the school district's chief school business official and any other  
12 duties regarding budgeting, accounting and other financial matters that are  
13 assigned to the school district by law.

14 8. Appoint a competent independent public accountant to audit the  
15 accounts of the school district.

16 9. Reorganize the school district's financial accounts, management and  
17 budgetary systems to improve financial responsibility and reduce financial  
18 inefficiency within the district.

19 10. Establish school district fiscal guidelines and a system of  
20 internal controls, including internal administrative controls and internal  
21 accounting controls, with provisions for internal audits.

22 11. Cancel or renegotiate any contract, other than contracts of  
23 certificated teachers who have been employed by the school district in the  
24 capacity of a certificated teacher for more than one year immediately before  
25 the date the receiver was appointed, to which the governing board or the  
26 school district is a party if the cancellation or renegotiation of the  
27 contract will produce needed economies in the operation of the district's  
28 schools. The receiver may refuse to reemploy any certificated teacher who  
29 has not been employed by the school district for more than the major portion  
30 of three consecutive school years as provided in section 15-536.

31 G. The receiver's power, authority and duties shall be effective on  
32 the date of the receiver's appointment by the state board of education. The  
33 receiver shall perform the receiver's duties according to the instructions of  
34 the state board of education order and according to law. The receiver shall  
35 promptly report any violations of law, including a violation of the uniform  
36 system of financial records, to the state board of education.

37 H. On review and approval of the state board of education, the  
38 receiver shall take all necessary steps to implement the financial  
39 improvement plan and budget utilizing those powers identified in the plan as  
40 prescribed in subsection F of this section.

1 I. The salary and benefits of the receiver and any officers or  
2 employees appointed by the receiver shall be paid by the school  
3 district. The state board of education shall determine the salary for the  
4 receiver and any officers or employees appointed by the receiver based on  
5 amounts recommended by the state board.

6 J. The state board of education shall remove the school district from  
7 receivership and dismiss the receiver and dismiss any officer or employee  
8 appointed by the receiver thirty days after all of the following have  
9 occurred:

10 1. The auditor general certifies that the school district has been  
11 financially solvent for one fiscal year.

12 2. The auditor general certifies that the school district's financial  
13 records are in compliance with the uniform system of financial records and  
14 generally accepted accounting principles.

15 3. The receiver certifies that the school district is no longer  
16 engaged in gross mismanagement.

17 4. The state board of education has determined that the school  
18 district is able to pay its debts as those debts become due.

19 K. BEGINNING NINETY DAYS AFTER THE SUBMISSION OF THE FIRST REPORT  
20 PRESCRIBED IN SUBSECTION F OF THIS SECTION, the receiver shall submit a  
21 quarterly progress report to the state board of education. ~~The first~~  
22 ~~progress report is due on the three month anniversary of the receiver's~~  
23 ~~appointment by the state board.~~ THE STATE BOARD OF EDUCATION SHALL REVIEW  
24 THE EXPENSES AND COSTS OF THE RECEIVER AT LEAST ONCE EACH CALENDAR QUARTER.

25 L. The state board of education shall formally review the receiver's  
26 progress every six months. If, based on the quarterly progress reports, the  
27 state board determines that the receiver's progress is insufficient, the  
28 state board may remove the current receiver and appoint another receiver for  
29 the school district.

30 M. The state board of education may dismiss the receiver for cause or  
31 on a majority vote of no confidence in the receiver of the state board.

32 N. The school district shall indemnify the receiver and any officer or  
33 employee appointed by the receiver who is made or threatened to be made a  
34 party to any litigation by reason of their status under this section if the  
35 receiver, officer or employee acted in good faith and in a manner that the  
36 receiver, officer or employee reasonably believed to be consistent with the  
37 best interest of the school district and if the receiver, officer or employee  
38 had no reasonable cause to believe that the conduct was unlawful.

39 O. During the period of time that the school district is in  
40 receivership, no member, officer, employee or agent of the school district

1 may enter into any contract or incur any liability on behalf of the school  
2 district for any purpose if the amount of the contract or liability exceeds  
3 the receiver's authorized financial plan and budget for the school  
4 district. The receiver may discipline, including, if warranted, imposing a  
5 suspension from duty without pay, removal from office or termination of, any  
6 school district employee or officer who violates this subsection.

7 P. This section does not create a private cause of action against the  
8 school district or its officers, directors, board members or employees.

9 Q. The assumption of control of the school district by the receiver  
10 shall in no way interfere with the election or reelection of school district  
11 governing board members.

12 R. This section shall not interfere with a school district's ability  
13 to declare bankruptcy under federal law.

14 S. The state board of education shall continue to monitor and offer  
15 technical assistance to a school district for two years after its removal  
16 from receivership.

17 T. A PERSON WHO THREATENS OR KNOWINGLY CAUSES PHYSICAL HARM TO A  
18 RECEIVER APPOINTED PURSUANT TO THIS SECTION OR SECTION 15-107 WHILE THE  
19 RECEIVER IS ENGAGED IN THE PERFORMANCE OF THE RECEIVER'S DUTIES IS GUILTY OF  
20 A CLASS 3 MISDEMEANOR.

21 ~~T.~~ U. For the purposes of this section:

22 ~~1. "Delinquent debt" means debts or liability unpaid by the school~~  
23 ~~district for a period of more than sixty days from the time of notice.~~

24 ~~2.~~ 1. "Gross mismanagement" means that the school district's officers  
25 or employees committed or engaged in gross incompetence or systemic and  
26 egregious mismanagement of the school district's finances or financial  
27 records.

28 ~~3.~~ 2. "Notice" means written notice personally served or delivered by  
29 certified mail, return receipt requested.

30 ~~4.~~ 3. "Receiver" means an individual appointed by the state board of  
31 education from the persons recommended by the state board for the purpose of  
32 managing a school district placed in receivership by the state board of  
33 education.

34 ~~5.~~ 4. "Receivership" means the state or condition of being under the  
35 control of the receiver appointed by the state board of education.

36 ~~6.~~ 5. "Superintendent" means the chief executive officer of the  
37 school district.

38 Sec. 2. Title 15, chapter 1, article 1, Arizona Revised Statutes, is  
39 amended by adding section 15-107 effective from and after June 30, 2008, to  
40 read:

15-107. School district overexpenditures; fiscal crisis teams; quarterly progress reports; fiscal management report; annual report; actions resulting from overexpenditures; professional development; definition

A. A COUNTY SCHOOL SUPERINTENDENT SHALL PROVIDE WRITTEN NOTICE TO THE DEPARTMENT OF EDUCATION, IF, IN THE COUNTY SCHOOL SUPERINTENDENT'S JUDGMENT, A SCHOOL DISTRICT HAS COMMITTED AN OVEREXPENDITURE UNDER THIS SECTION. PURSUANT TO SECTION 15-304, A WARRANT SHALL NOT BE DRAWN BY A COUNTY SCHOOL SUPERINTENDENT FOR AN EXPENDITURE THAT IS IN EXCESS OF THE AMOUNT BUDGETED AND THAT HAS NOT BEEN PREVIOUSLY EXPENDED.

B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, THE DEPARTMENT OF EDUCATION SHALL MONITOR THE SCHOOL DISTRICT AND PROVIDE TECHNICAL ASSISTANCE TO THE SCHOOL DISTRICT AND TO THE COUNTY SCHOOL SUPERINTENDENT TO RESOLVE THE OVEREXPENDITURE.

C. IF THE DEPARTMENT OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT HAS FAILED TO TAKE APPROPRIATE ACTION TO RESOLVE THE OVEREXPENDITURE OR THAT THE ORIGINAL NOTICE OF OVEREXPENDITURE PURSUANT TO SUBSECTION A OF THIS SECTION CONSTITUTES AN OVEREXPENDITURE THAT WILL CAUSE THE SCHOOL DISTRICT'S OVERALL EXPENDITURES TO EXCEED THE SCHOOL DISTRICT'S GENERAL BUDGET LIMIT, UNRESTRICTED CAPITAL BUDGET LIMIT OR SOFT CAPITAL ALLOCATION LIMIT BY FIFTY THOUSAND DOLLARS OR ONE-HALF OF ONE PER CENT, WHICHEVER IS LESS, THE DEPARTMENT SHALL REQUEST THAT THE MATTER BE PLACED ON THE AGENDA OF A MEETING OF THE STATE BOARD OF EDUCATION FOR ACTION PURSUANT TO THIS SECTION.

D. AT THE REQUEST OF THE DEPARTMENT OF EDUCATION, THE STATE BOARD OF EDUCATION SHALL CALL A PUBLIC MEETING TO CONSIDER OVEREXPENDITURES BY ANY SCHOOL DISTRICT. THE STATE BOARD OF EDUCATION SHALL REQUIRE THE SUPERINTENDENT OF THE SCHOOL DISTRICT AND ANY OTHER SCHOOL DISTRICT PERSONNEL WHO MAY HAVE INFORMATION RELEVANT TO THE OVEREXPENDITURE TO APPEAR BEFORE THE STATE BOARD OF EDUCATION. AFTER TESTIMONY FROM ALL INTERESTED PARTIES, THE STATE BOARD OF EDUCATION SHALL TAKE ONE OF THE FOLLOWING ACTIONS:

1. REQUIRE THE DEPARTMENT OF EDUCATION TO MONITOR THE EXPENDITURES OF THE SCHOOL DISTRICT.

2. DIRECT THE DEPARTMENT OF EDUCATION TO CONTRACT WITH A LEVEL ONE FISCAL CRISIS TEAM. THE LEVEL ONE FISCAL CRISIS TEAM SHALL PROVIDE ON-SITE OVERSIGHT AND OFF-SITE MONITORING FOR THE SCHOOL DISTRICT FOR NO LONGER THAN TWELVE MONTHS AND SHALL ADVISE THE SCHOOL DISTRICT ON ALL FINANCIAL ISSUES AND PROFESSIONAL DEVELOPMENT TRAINING RELATED TO FINANCIAL ISSUES.

3. DIRECT THE DEPARTMENT OF EDUCATION TO CONTRACT WITH A LEVEL TWO FISCAL CRISIS TEAM. THE LEVEL TWO FISCAL CRISIS TEAM SHALL PROVIDE ON-SITE

1 OVERSIGHT AND OFF-SITE MONITORING FOR THE SCHOOL DISTRICT FOR NO LONGER THAN  
2 TWENTY-FOUR MONTHS, SHALL HAVE THE AUTHORITY PRESCRIBED FOR LEVEL ONE FISCAL  
3 CRISIS TEAMS AND MAY OVERRIDE ANY FINANCIAL ACT OR DECISION OF THE SCHOOL  
4 DISTRICT, INCLUDING EXPENDITURES.

5 4. APPOINT A RECEIVER WHO, SUBJECT TO THE DISCRETION OF THE STATE  
6 BOARD OF EDUCATION, MAY TAKE ANY ACTIONS PRESCRIBED IN SECTION 15-103,  
7 SUBSECTION F.

8 E. THE LEVEL ONE AND LEVEL TWO FISCAL CRISIS TEAMS SHALL BE COMPOSED  
9 OF AT LEAST ONE PERSON WHO HAS EXPERTISE IN SCHOOL FINANCE AND MAY INCLUDE  
10 CURRENT OR FORMER SCHOOL DISTRICT FINANCIAL OFFICERS, CURRENT OR FORMER  
11 SCHOOL DISTRICT BUSINESS MANAGERS, CERTIFIED PUBLIC ACCOUNTANTS AND CURRENT  
12 OR FORMER SCHOOL DISTRICT SUPERINTENDENTS. THE FISCAL CRISIS TEAMS SHALL NOT  
13 INCLUDE EMPLOYEES OF THE STATE BOARD OF EDUCATION OR THE DEPARTMENT OF  
14 EDUCATION.

15 F. THE EXPENSES INCURRED BY A FISCAL CRISIS TEAM OR BY A RECEIVER  
16 APPOINTED PURSUANT TO THIS SECTION SHALL BE PAID BY THE SCHOOL DISTRICT.

17 G. BEGINNING NINETY DAYS AFTER SUBMITTING THE FISCAL MANAGEMENT REPORT  
18 PRESCRIBED IN SUBSECTION H OF THIS SECTION, THE FISCAL CRISIS TEAM OR  
19 RECEIVER APPOINTED PURSUANT TO THIS SECTION SHALL SUBMIT A DETAILED WRITTEN  
20 QUARTERLY PROGRESS REPORT TO THE STATE BOARD OF EDUCATION THAT INCLUDES ALL  
21 OF THE FOLLOWING:

22 1. THE RESULTS OF THE REVIEW OF THE SCHOOL DISTRICT'S FINANCES,  
23 INCLUDING EXPENDITURES.

24 2. THE RECOMMENDATIONS AND DECISIONS MADE BY THE FISCAL CRISIS TEAM OR  
25 THE RECEIVER APPOINTED PURSUANT TO THIS SECTION.

26 3. THE STATUS OF THE FISCAL MANAGEMENT PLAN DESCRIBED PURSUANT TO  
27 SUBSECTION H OF THIS SECTION.

28 4. RECOMMENDATIONS TO THE STATE BOARD OF EDUCATION ON THE CONTENT OF  
29 PROFESSIONAL DEVELOPMENT TRAINING RELATED TO OVEREXPENDITURES.

30 5. ANY RECOMMENDATIONS OF POTENTIAL ACTION TO BE TAKEN CONCERNING  
31 PROFESSIONAL CERTIFICATES ISSUED TO SCHOOL DISTRICT PERSONNEL BY THE STATE  
32 BOARD OF EDUCATION OR THE DEPARTMENT OF EDUCATION. THE STATE BOARD OF  
33 EDUCATION SHALL REVIEW THE RECOMMENDATIONS SUBMITTED PURSUANT TO THIS  
34 PARAGRAPH AND SHALL TAKE APPROPRIATE ACTION.

35 H. AFTER APPOINTMENT, THE FISCAL CRISIS TEAM OR THE RECEIVER APPOINTED  
36 PURSUANT TO THIS SECTION SHALL REVIEW THE FINANCIAL AFFAIRS OF THE SCHOOL  
37 DISTRICT AND MAY WORK WITH SCHOOL FINANCE PERSONNEL AT THE DEPARTMENT OF  
38 EDUCATION TO ENSURE THAT THE FINANCES OF THE SCHOOL DISTRICT ARE IN  
39 COMPLIANCE WITH THE LAWS OF THIS STATE. A SCHOOL DISTRICT THAT HAS BEEN  
40 ASSIGNED A FISCAL CRISIS TEAM OR A RECEIVER PURSUANT TO THIS SECTION SHALL

1 SUBMIT, IN CONSULTATION WITH THE RECEIVER OR THE FISCAL CRISIS TEAM, A FISCAL  
2 MANAGEMENT REPORT TO THE STATE BOARD OF EDUCATION WITHIN ONE HUNDRED TWENTY  
3 DAYS AFTER THE DATE THAT THE STATE BOARD OF EDUCATION APPOINTED THE RECEIVER  
4 OR THE FISCAL CRISIS TEAM. THE FISCAL MANAGEMENT REPORT SHALL INCLUDE THE  
5 FOLLOWING:

6 1. A DESCRIPTION OF THE FISCAL MANAGEMENT PLAN THAT HAS BEEN  
7 IMPLEMENTED TO CORRECT THE OVEREXPENDITURE, INCLUDING THE FOLLOWING:

8 (a) THE MANNER IN WHICH THE FISCAL MANAGEMENT PLAN WILL ADDRESS THE  
9 FINDINGS AND RECOMMENDATIONS OF THE FISCAL CRISIS TEAM.

10 (b) A TIMELINE FOR COMPLETE RESOLUTION OF THE OVEREXPENDITURE.

11 (c) A DETAILED EXPLANATION OF THE METHODS AND PROCEDURES THAT WILL BE  
12 IMPLEMENTED TO PREVENT FUTURE OVEREXPENDITURES.

13 (d) THE IDENTIFICATION OF ANY ISSUES THAT NEED TO BE RESOLVED BEFORE  
14 THE FISCAL MANAGEMENT PLAN MAY BE FULLY IMPLEMENTED.

15 (e) THE IDENTIFICATION OF ANY LONG-TERM ISSUES RESULTING FROM THE  
16 OVEREXPENDITURE THAT WILL EXTEND TO FUTURE FISCAL YEARS.

17 2. A DESCRIPTION OF THE MANNER IN WHICH THE FISCAL MANAGEMENT PLAN WAS  
18 DEVELOPED, INCLUDING IDENTIFICATION OF THE ROLE OF THE FISCAL CRISIS TEAM OR  
19 THE RECEIVER, THE ROLE OF THE SCHOOL DISTRICT GOVERNING BOARD AND THE ROLE OF  
20 THE ADMINISTRATORS OF THE SCHOOL DISTRICT.

21 I. ON OR BEFORE DECEMBER 31, THE STATE BOARD OF EDUCATION SHALL SUBMIT  
22 AN ANNUAL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER  
23 OF THE HOUSE OF REPRESENTATIVES. THE STATE BOARD SHALL PROVIDE A COPY OF  
24 THIS REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE  
25 LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE ANNUAL REPORT SHALL INCLUDE THE  
26 FOLLOWING:

27 1. A SUMMARIZED COMPILATION OF THE FISCAL MANAGEMENT REPORTS SUBMITTED  
28 BY SCHOOL DISTRICTS PURSUANT TO SUBSECTION H OF THIS SECTION.

29 2. THE ACTIONS TAKEN BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT  
30 OF EDUCATION, SCHOOL DISTRICTS, FISCAL CRISIS TEAMS AND RECEIVERS DURING THE  
31 MOST RECENTLY COMPLETED FISCAL YEAR.

32 3. RECOMMENDATIONS REGARDING IMPROVEMENTS TO THE LAWS OF THIS STATE OR  
33 TO ADMINISTRATIVE ACTIONS REQUIRED UNDER THE LAWS OF THIS STATE.



1 J. A SCHOOL DISTRICT THAT IS ASSIGNED A LEVEL TWO FISCAL CRISIS TEAM  
2 OR A RECEIVER PURSUANT TO THIS SECTION SHALL REQUIRE PROFESSIONAL DEVELOPMENT  
3 TRAINING FOR SCHOOL DISTRICT GOVERNING BOARD MEMBERS AND APPROPRIATE  
4 ADMINISTRATIVE PERSONNEL OF THE SCHOOL DISTRICT, INCLUDING THE SCHOOL  
5 DISTRICT SUPERINTENDENT, WHO ARE INVOLVED IN DISTRICT FINANCES AND BUDGETING,  
6 AS DETERMINED BY THE LEVEL TWO FISCAL CRISIS TEAM OR BY THE RECEIVER. THE  
7 PROFESSIONAL DEVELOPMENT TRAINING SHALL BE SELECTED FROM A LIST APPROVED BY  
8 THE STATE BOARD OF EDUCATION AND THE COST OF THE PROFESSIONAL DEVELOPMENT  
9 TRAINING SHALL BE PAID BY THE SCHOOL DISTRICT. GOVERNING BOARD MEMBERS AND  
10 DISTRICT ADMINISTRATIVE PERSONNEL SHALL COMPLETE AT LEAST TWELVE HOURS OF  
11 PROFESSIONAL DEVELOPMENT TRAINING WITHIN ONE HUNDRED TWENTY DAYS AFTER THE  
12 ASSIGNMENT OF A LEVEL TWO FISCAL CRISIS TEAM OR THE APPOINTMENT OF A  
13 RECEIVER. THE FISCAL CRISIS TEAM OR THE RECEIVER SHALL REPORT TO THE STATE  
14 BOARD OF EDUCATION WHETHER THE PROFESSIONAL DEVELOPMENT TRAINING REQUIREMENTS  
15 PRESCRIBED IN THIS SUBSECTION HAVE BEEN MET.

16 K. A SCHOOL DISTRICT GOVERNING BOARD MEMBER WHO FAILS TO COMPLETE THE  
17 PROFESSIONAL DEVELOPMENT TRAINING WITHIN THE TIME PRESCRIBED IN SUBSECTION J  
18 OF THIS SECTION IS GUILTY OF MALFEASANCE IN OFFICE, AND THE STATE BOARD OF  
19 EDUCATION SHALL FORWARD A COMPLAINT TO THE ATTORNEY GENERAL. THE ATTORNEY  
20 GENERAL MAY BRING AN ACTION IN SUPERIOR COURT AGAINST A SCHOOL DISTRICT  
21 GOVERNING BOARD MEMBER FOR FAILURE TO COMPLY WITH THE PROFESSIONAL  
22 DEVELOPMENT TRAINING REQUIREMENTS PRESCRIBED IN SUBSECTION J OF THIS SECTION.  
23 IF A COURT DETERMINES THAT A SCHOOL DISTRICT GOVERNING BOARD MEMBER FAILED TO  
24 COMPLY WITH THE PROFESSIONAL DEVELOPMENT TRAINING REQUIREMENTS PRESCRIBED IN  
25 SUBSECTION J OF THIS SECTION, THE COURT SHALL ISSUE AN ORDER REMOVING THE  
26 SCHOOL DISTRICT GOVERNING BOARD MEMBER FROM OFFICE. ANY VACANCY IN THE  
27 OFFICE OF SCHOOL DISTRICT GOVERNING BOARD AS A RESULT OF A COURT ORDER ISSUED  
28 PURSUANT TO THIS SUBSECTION SHALL BE FILLED IN THE MANNER PROVIDED BY LAW.

29 L. IF ANY OF THE ADMINISTRATIVE PERSONNEL OF THE SCHOOL DISTRICT FAIL  
30 TO COMPLETE THE PROFESSIONAL DEVELOPMENT TRAINING WITHIN THE TIME PRESCRIBED  
31 IN SUBSECTION J OF THIS SECTION, THE STATE BOARD OF EDUCATION MAY TAKE  
32 APPROPRIATE ACTION CONCERNING CURRENT CERTIFICATES HELD BY THAT PERSON.

33 M. THE STATE BOARD OF EDUCATION SHALL REVIEW THE EXPENSES AND COSTS OF  
34 EACH FISCAL CRISIS TEAM AT LEAST ONCE EACH CALENDAR QUARTER.

35 N. FOR THE PURPOSES OF THIS SECTION, "OVEREXPENDITURE" MEANS AN  
36 EXPENDITURE IN EXCESS OF ANY OF THE FOLLOWING:

- 37 1. THE GENERAL BUDGET LIMIT OF THE SCHOOL DISTRICT.
- 38 2. THE UNRESTRICTED CAPITAL BUDGET LIMIT OF THE SCHOOL DISTRICT.
- 39 3. THE SOFT CAPITAL ALLOCATION LIMIT OF THE SCHOOL DISTRICT.

1           Sec. 3. Section 15-203, Arizona Revised Statutes, is amended effective  
2 from and after June 30, 2008, to read:

3           15-203. Powers and duties

4           A. The state board of education shall:

5           1. Exercise general supervision over and regulate the conduct of the  
6 public school system and adopt any rules and policies it deems necessary to  
7 accomplish this purpose.

8           2. Keep a record of its proceedings.

9           3. Make rules for its own government.

10          4. Determine the policy and work undertaken by it.

11          5. Appoint its employees, on the recommendation of the superintendent  
12 of public instruction.

13          6. Prescribe the duties of its employees if not prescribed by statute.

14          7. Delegate to the superintendent of public instruction the execution  
15 of board policies and rules.

16          8. Recommend to the legislature changes or additions to the statutes  
17 pertaining to schools.

18          9. Prepare, publish and distribute reports concerning the educational  
19 welfare of this state.

20          10. Prepare a budget for expenditures necessary for proper maintenance  
21 of the board and accomplishment of its purposes and present the budget to the  
22 legislature.

23          11. Aid in the enforcement of laws relating to schools.

24          12. Prescribe a minimum course of study in the common schools, minimum  
25 competency requirements for the promotion of pupils from the third grade and  
26 minimum course of study and competency requirements for the promotion of  
27 pupils from the eighth grade. The state board of education shall prepare a  
28 fiscal impact statement of any proposed changes to the minimum course of  
29 study or competency requirements and, on completion, shall send a copy to the  
30 director of the joint legislative budget committee and the executive director  
31 of the school facilities board. The state board of education shall not adopt  
32 any changes in the minimum course of study or competency requirements in  
33 effect on July 1, 1998 that will have a fiscal impact on school capital  
34 costs.

35          13. Prescribe minimum course of study and competency requirements for  
36 the graduation of pupils from high school. The state board of education  
37 shall prepare a fiscal impact statement of any proposed changes to the  
38 minimum course of study or competency requirements and, on completion, shall  
39 send a copy to the director of the joint legislative budget committee and the  
40 executive director of the school facilities board. The state board of

1 education shall not adopt any changes in the minimum course of study or  
2 competency requirements in effect on July 1, 1998 that will have a fiscal  
3 impact on school capital costs.

4 14. Supervise and control the certification of persons engaged in  
5 instructional work directly as any classroom, laboratory or other teacher or  
6 indirectly as a supervisory teacher, speech therapist, principal or  
7 superintendent in a school district, including school district preschool  
8 programs, or any other educational institution below the community college,  
9 college or university level, and prescribe rules for certification, including  
10 rules for certification of teachers who have teaching experience and who are  
11 trained in other states, which are not unnecessarily restrictive and are  
12 substantially similar to the rules prescribed for the certification of  
13 teachers trained in this state. The rules shall require applicants for all  
14 certificates for common school instruction to complete a minimum of  
15 forty-five classroom hours or three college level credit hours, or the  
16 equivalent, of training in research based systematic phonics instruction from  
17 a public or private provider. The rules shall not require a teacher to  
18 obtain a master's degree or to take any additional graduate courses as a  
19 condition of certification or recertification. The rules shall allow a  
20 general equivalency diploma to be substituted for a high school diploma in  
21 the certification of emergency substitute teachers.

22 15. Adopt a list of approved tests for determining special education  
23 assistance to gifted pupils as defined in and as provided in chapter 7,  
24 article 4.1 of this title. The adopted tests shall provide separate scores  
25 for quantitative reasoning, verbal reasoning and nonverbal reasoning and  
26 shall be capable of providing reliable and valid scores at the highest ranges  
27 of the score distribution.

28 16. Adopt rules governing the methods for the administration of all  
29 proficiency examinations.

30 17. Adopt proficiency examinations for its use. The state board of  
31 education shall determine the passing score for the proficiency examination.

32 18. Include within its budget the cost of contracting for the purchase,  
33 distribution and scoring of the examinations as provided in paragraphs 16 and  
34 17 of this subsection.

35 19. Supervise and control the qualifications of professional  
36 nonteaching school personnel and prescribe standards relating to  
37 qualifications.

38 20. Impose such disciplinary action, including the issuance of a letter  
39 of censure, suspension, suspension with conditions or revocation of a  
40 certificate, upon a finding of immoral or unprofessional conduct.

1           21. Establish an assessment, data gathering and reporting system for  
2 pupil performance as prescribed in chapter 7, article 3 of this title.

3           22. Adopt a rule to promote braille literacy pursuant to section  
4 15-214.

5           23. Adopt rules prescribing procedures for the investigation by the  
6 department of education of every written complaint alleging that a  
7 certificated person has engaged in immoral conduct.

8           24. For purposes of federal law, serve as the state board for  
9 vocational and technological education and meet at least four times each year  
10 solely to execute the powers and duties of the state board for vocational and  
11 technological education.

12           25. Develop and maintain a handbook for use in the schools of this  
13 state that provides guidance for the teaching of moral, civic and ethical  
14 education. The handbook shall promote existing curriculum frameworks and  
15 shall encourage school districts to recognize moral, civic and ethical values  
16 within instructional and programmatic educational development programs for  
17 the general purpose of instilling character and ethical principles in pupils  
18 in kindergarten programs and grades one through twelve.

19           26. Require pupils to recite the following passage from the declaration  
20 of independence for pupils in grades four through six at the commencement of  
21 the first class of the day in the schools, except that a pupil shall not be  
22 required to participate if the pupil or the pupil's parent or guardian  
23 objects:

24                   We hold these truths to be self-evident, that all men are  
25 created equal, that they are endowed by their creator with  
26 certain unalienable rights, that among these are life, liberty  
27 and the pursuit of happiness. That to secure these rights,  
28 governments are instituted among men, deriving their just powers  
29 from the consent of the governed. . . .

30           27. Adopt rules that provide for teacher certification reciprocity.  
31 The rules shall provide for a one year reciprocal teaching certificate with  
32 minimum requirements including valid teacher certification from a state with  
33 substantially similar criminal history or teacher fingerprinting requirements  
34 and proof of the submission of an application for a fingerprint clearance  
35 card pursuant to title 41, chapter 12, article 3.1.

36           28. Adopt rules that will be in effect until December 31, 2006 and that  
37 provide for the presentation of an honorary high school diploma to a person  
38 who has never obtained a high school diploma and who meets each of the  
39 following requirements:

40                   (a) Is at least sixty-five years of age.

1 (b) Currently resides in this state.

2 (c) Provides documented evidence from the Arizona department of  
3 veterans' services that the person enlisted in the armed forces of the United  
4 States before completing high school in a public or private school.

5 (d) Was honorably discharged from service with the armed forces of the  
6 United States.

7 29. Cooperate with the Arizona-Mexico commission in the governor's  
8 office and with researchers at universities in this state to collect data and  
9 conduct projects in the United States and Mexico on issues that are within  
10 the scope of the duties of the department of education and that relate to  
11 quality of life, trade and economic development in this state in a manner  
12 that will help the Arizona-Mexico commission to assess and enhance the  
13 economic competitiveness of this state and of the Arizona-Mexico region.

14 30. Adopt rules to define and provide guidance to schools as to the  
15 activities that would constitute immoral or unprofessional conduct of  
16 certificated persons.

17 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
18 and twelve to volunteer for twenty hours of community service before  
19 graduation from high school. A school district that complies with the  
20 guidelines adopted pursuant to this paragraph is not liable for damages  
21 resulting from a pupil's participation in community service unless the school  
22 district is found to have demonstrated wanton or reckless disregard for the  
23 safety of the pupil and other participants in community service. For the  
24 purposes of this paragraph, "community service" may include service learning.  
25 The guidelines shall include the following:

26 (a) A list of the general categories in which community service may be  
27 performed.

28 (b) A description of the methods by which community service will be  
29 monitored.

30 (c) A consideration of risk assessment for community service projects.

31 (d) Orientation and notification procedures of community service  
32 opportunities for pupils entering grade nine including the development of a  
33 notification form. The notification form shall be signed by the pupil and  
34 the pupil's parent or guardian, except that a pupil shall not be required to  
35 participate in community service if the parent or guardian notifies the  
36 principal of the pupil's school in writing that the parent or guardian does  
37 not wish the pupil to participate in community service.

38 (e) Procedures for a pupil in grade nine to prepare a written proposal  
39 that outlines the type of community service that the pupil would like to  
40 perform and the goals that the pupil hopes to achieve as a result of

1 community service. The pupil's written proposal shall be reviewed by a  
2 faculty advisor, a guidance counselor or any other school employee who is  
3 designated as the community service program coordinator for that school. The  
4 pupil may alter the written proposal at any time before performing community  
5 service.

6 (f) Procedures for a faculty advisor, a guidance counselor or any  
7 other school employee who is designated as the community service program  
8 coordinator to evaluate and certify the completion of community service  
9 performed by pupils.

10 32. To facilitate the transfer of military personnel and their  
11 dependents to and from the public schools of this state, pursue, in  
12 cooperation with the Arizona board of regents, reciprocity agreements with  
13 other states concerning the transfer credits for military personnel and their  
14 dependents. A reciprocity agreement entered into pursuant to this paragraph  
15 shall:

16 (a) Address procedures for each of the following:

17 (i) The transfer of student records.

18 (ii) Awarding credit for completed course work.

19 (iii) Permitting a student to satisfy the graduation requirements  
20 prescribed in section 15-701.01 through the successful performance on  
21 comparable exit-level assessment instruments administered in another state.

22 (b) Include appropriate criteria developed by the state board of  
23 education and the Arizona board of regents.

24 33. Adopt guidelines that school district governing boards shall use in  
25 identifying pupils who are eligible for gifted programs and in providing  
26 gifted education programs and services. The state board of education shall  
27 adopt any other guidelines and rules that it deems necessary in order to  
28 carry out the purposes of chapter 7, article 4.1 of this title.

29 34. ADOPT A LIST OF APPROVED PROFESSIONAL DEVELOPMENT TRAINING  
30 PROVIDERS FOR USE BY SCHOOL DISTRICTS AS PROVIDED IN SECTION 15-107,  
31 SUBSECTION J. THE PROFESSIONAL DEVELOPMENT TRAINING PROVIDERS SHALL MEET THE  
32 TRAINING CURRICULUM REQUIREMENTS DETERMINED BY THE STATE BOARD OF EDUCATION  
33 IN AT LEAST THE AREAS OF SCHOOL FINANCE, GOVERNANCE, EMPLOYMENT, STAFFING,  
34 INVENTORY AND HUMAN RESOURCES, INTERNAL CONTROLS AND PROCUREMENT.

35 B. The state board of education may:

36 1. Contract.

37 2. Sue and be sued.

38 3. Distribute and score the tests prescribed in chapter 7, article 3  
39 of this title.

1           4. Provide for an advisory committee to conduct hearings and  
2 screenings to determine whether grounds exist to impose disciplinary action  
3 against a certificated person, whether grounds exist to reinstate a revoked  
4 or surrendered certificate and whether grounds exist to approve or deny an  
5 initial application for certification or a request for renewal of a  
6 certificate. The board may delegate its responsibility to conduct hearings  
7 and screenings to its advisory committee. Hearings shall be conducted  
8 pursuant to title 41, chapter 6, article 6.

9           5. Proceed with the disposal of any complaint requesting disciplinary  
10 action or with any disciplinary action against a person holding a certificate  
11 as prescribed in subsection A, paragraph 14 of this section after the  
12 suspension or expiration of the certificate or surrender of the certificate  
13 by the holder.

14           6. Assess costs and reasonable attorney fees against a person who  
15 files a frivolous complaint or who files a complaint in bad faith. Costs  
16 assessed pursuant to this paragraph shall not exceed the expenses incurred by  
17 the state board in the investigation of the complaint.

18           Sec. 4. Section 15-272, Arizona Revised Statutes, is amended effective  
19 from and after June 30, 2008, to read:

20           15-272. Duties of department of education for uniform system of  
21 financial records

22           A. The department of education shall advise and consult with the  
23 auditor general in the preparation and implementation of a uniform system of  
24 financial records.

25           B. The state board of education, ~~shall upon~~ ON report from the auditor  
26 general, ~~SHALL~~ determine whether school districts are maintaining the uniform  
27 system of financial records. If the state board of education determines that  
28 a school district is not in compliance with the uniform system of financial  
29 records or has failed to correct a deficiency within ninety days after  
30 receiving notice from the auditor general, the state board of education ~~may~~  
31 ~~SHALL~~ direct the superintendent of public instruction to withhold ~~any~~ UP TO  
32 ~~TEN PER CENT OF THE~~ portion of state ~~funds~~ MONIES to the school district ~~FOR~~  
33 ~~EACH VIOLATION~~ from the date of the determination until such time as the  
34 auditor general reports compliance with the uniform system of financial  
35 records. The auditor general and the department of education shall assist  
36 the school district to achieve compliance during such period.

1           Sec. 5. Section 15-304, Arizona Revised Statutes, is amended effective  
2 from and after June 30, 2008, to read:

3           15-304. Warrants; limitations; definition

4           A. The county school superintendent, on the voucher of the governing  
5 board of a school district, shall draw ~~his~~ THE COUNTY SCHOOL SUPERINTENDENT'S  
6 warrant on the county treasurer for all necessary expenses against the school  
7 fund of the district. The warrants shall be drawn in the order in which the  
8 vouchers are filed in ~~his~~ THE COUNTY SCHOOL SUPERINTENDENT'S office. A  
9 warrant shall not be drawn for an expenditure from the maintenance and  
10 operation, capital outlay, adjacent ways and federal and state grant funds  
11 for a purpose not included in the budget of the school district or for an  
12 expenditure in excess of the amount budgeted and not previously expended,  
13 except for expenditures authorized by the board of supervisors as provided in  
14 section 15-907. The county school superintendent shall not draw a warrant  
15 for an expenditure from any school district fund except the maintenance and  
16 operation, capital outlay or adjacent ways fund or federal and state grant  
17 funds unless sufficient cash is available in the fund according to the  
18 records of the county school superintendent. The county school  
19 superintendent may only draw a warrant for an expenditure from a federal or  
20 state grant fund when sufficient cash is not available in the grant fund if  
21 the county treasurer maintains the two accounts as provided in section  
22 15-996, paragraph 1 and if the county school superintendent determines that  
23 the expenditures are included in the budget section of the approved grant  
24 application.

25           B. THE COUNTY SCHOOL SUPERINTENDENT SHALL IMMEDIATELY NOTIFY THE  
26 SCHOOL DISTRICT GOVERNING BOARD AND THE DEPARTMENT OF EDUCATION IN WRITING IF  
27 A SCHOOL DISTRICT ATTEMPTS AN OVEREXPENDITURE AS DEFINED IN SECTION 15-107.

28           C. A COUNTY SCHOOL SUPERINTENDENT WHO FAILS TO COMPLY WITH THIS  
29 SECTION IS GUILTY OF UNPROFESSIONAL CONDUCT.

30           D. THE ATTORNEY GENERAL MAY COMMENCE AN ACTION IN SUPERIOR COURT TO  
31 ENFORCE THIS SECTION. IF THE COURT DETERMINES THAT A COUNTY SCHOOL  
32 SUPERINTENDENT HAS VIOLATED THIS SECTION, THE COURT SHALL ISSUE AN ORDER  
33 DIRECTING BOTH:

34           1. THE REMOVAL OF THE COUNTY SCHOOL SUPERINTENDENT FROM OFFICE.

35           2. THE REVOCATION OF ALL CERTIFICATES ISSUED TO THE FORMER COUNTY  
36 SCHOOL SUPERINTENDENT BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION  
37 15-203.

38           E. ANY VACANCY IN THE OFFICE OF THE COUNTY SCHOOL SUPERINTENDENT THAT  
39 RESULTS FROM A COURT ORDER ISSUED PURSUANT TO SUBSECTION B OF THIS SECTION  
40 SHALL BE FILLED IN THE MANNER PROVIDED BY LAW.



1           F. For THE purposes of this section, "voucher" means a summary cover  
2 sheet and either copies of the invoices of the expenditure or a listing of  
3 the invoice detail.

4           Sec. 6. Section 15-341, Arizona Revised Statutes, is amended effective  
5 from and after June 30, 2008, to read:

6           15-341. General powers and duties; immunity; delegation

7           A. The governing board shall:

8           1. Prescribe and enforce policies and procedures for the governance of  
9 the schools, not inconsistent with law or rules prescribed by the state board  
10 of education.

11           2. Maintain the schools established by it for the attendance of each  
12 pupil for a period of not less than one hundred seventy-five school days or  
13 two hundred school days, as applicable, or its equivalent as approved by the  
14 superintendent of public instruction for a school district operating on a  
15 year-round operation basis, to offer an educational program on the basis of a  
16 four day school week or to offer an alternative kindergarten program on the  
17 basis of a three day school week, in each school year, and if the funds of  
18 the district are sufficient, for a longer period, and as far as practicable  
19 with equal rights and privileges.

20           3. Exclude from schools all books, publications, papers or audiovisual  
21 materials of a sectarian, partisan or denominational character.

22           4. Manage and control the school property within its district.

23           5. Acquire school furniture, apparatus, equipment, library books and  
24 supplies for the use of the schools.

25           6. Prescribe the curricula and criteria for the promotion and  
26 graduation of pupils as provided in sections 15-701 and 15-701.01.

27           7. Furnish, repair and insure, at full insurable value, the school  
28 property of the district.

29           8. Construct school buildings on approval by a vote of the district  
30 electors.

31           9. Make in the name of the district conveyances of property belonging  
32 to the district and sold by the board.

33           10. Purchase school sites when authorized by a vote of the district at  
34 an election conducted as nearly as practicable in the same manner as the  
35 election provided in section 15-481 and held on a date prescribed in section  
36 15-491, subsection E, but such authorization shall not necessarily specify  
37 the site to be purchased and such authorization shall not be necessary to  
38 exchange unimproved property as provided in section 15-342, paragraph 23.

39           11. Construct, improve and furnish buildings used for school purposes  
40 when such buildings or premises are leased from the national park service.

1           12. Purchase school sites or construct, improve and furnish school  
2 buildings from the proceeds of the sale of school property only on approval  
3 by a vote of the district electors.

4           13. Hold pupils to strict account for disorderly conduct on school  
5 property.

6           14. Discipline students for disorderly conduct on the way to and from  
7 school.

8           15. Except as provided in section 15-1224, deposit all monies received  
9 by the district as gifts, grants and devises with the county treasurer who  
10 shall credit the deposits as designated in the uniform system of financial  
11 records. If not inconsistent with the terms of the gifts, grants and devises  
12 given, any balance remaining after expenditures for the intended purpose of  
13 the monies have been made shall be used for reduction of school district  
14 taxes for the budget year, except that in the case of accommodation schools  
15 the county treasurer shall carry the balance forward for use by the county  
16 school superintendent for accommodation schools for the budget year.

17           16. Provide that, if a parent or legal guardian chooses not to accept a  
18 decision of the teacher as provided in section 15-521, paragraph 3, the  
19 parent or legal guardian may request in writing that the governing board  
20 review the teacher's decision. Nothing in this paragraph shall be construed  
21 to release school districts from any liability relating to a child's  
22 promotion or retention.

23           17. Provide for adequate supervision over pupils in instructional and  
24 noninstructional activities by certificated or noncertificated personnel.

25           18. Use school monies received from the state and county school  
26 apportionment exclusively for payment of salaries of teachers and other  
27 employees and contingent expenses of the district.

28           19. Make an annual report to the county school superintendent on or  
29 before October 1 each year in the manner and form and on the blanks  
30 prescribed by the superintendent of public instruction or county school  
31 superintendent. The board shall also make reports directly to the county  
32 school superintendent or the superintendent of public instruction whenever  
33 required.

34           20. Deposit all monies received by school districts other than student  
35 activities monies or monies from auxiliary operations as provided in sections  
36 15-1125 and 15-1126 with the county treasurer to the credit of the school  
37 district except as provided in paragraph 21 of this subsection and sections  
38 15-1223 and 15-1224, and the board shall expend the monies as provided by law  
39 for other school funds.

1           21. Establish a bank account in which the board during a month may  
2 deposit miscellaneous monies received directly by the district. The board  
3 shall remit monies deposited in the bank account at least monthly to the  
4 county treasurer for deposit as provided in paragraph 20 of this subsection  
5 and in accordance with the uniform system of financial records.

6           22. Employ an attorney admitted to practice in this state whose  
7 principal practice is in the area of commercial real estate, or a real estate  
8 broker who is licensed by this state and who is employed by a reputable  
9 commercial real estate company, to negotiate a lease of five or more years  
10 for the school district if the governing board decides to enter into a lease  
11 of five or more years as lessor of school buildings or grounds as provided in  
12 section 15-342, paragraph 7 or 10. Any lease of five or more years  
13 negotiated pursuant to this paragraph shall provide that the lessee is  
14 responsible for payment of property taxes pursuant to the requirements of  
15 section 42-11104.

16           23. Prescribe and enforce policies and procedures for disciplinary  
17 action against a teacher who engages in conduct that is a violation of the  
18 policies of the governing board but that is not cause for dismissal of the  
19 teacher or for revocation of the certificate of the teacher. Disciplinary  
20 action may include suspension without pay for a period of time not to exceed  
21 ten school days. Disciplinary action shall not include suspension with pay  
22 or suspension without pay for a period of time longer than ten school days.  
23 The procedures shall include notice, hearing and appeal provisions for  
24 violations that are cause for disciplinary action. The governing board may  
25 designate a person or persons to act on behalf of the board on these matters.

26           24. Prescribe and enforce policies and procedures for disciplinary  
27 action against an administrator who engages in conduct that is a violation of  
28 the policies of the governing board regarding duties of administrators but  
29 that is not cause for dismissal of the administrator or for revocation of the  
30 certificate of the administrator. Disciplinary action may include suspension  
31 without pay for a period of time not to exceed ten school days. Disciplinary  
32 action shall not include suspension with pay or suspension without pay for a  
33 period of time longer than ten school days. The procedures shall include  
34 notice, hearing and appeal provisions for violations that are cause for  
35 disciplinary action. The governing board may designate a person or persons  
36 to act on behalf of the board on these matters. For violations that are  
37 cause for dismissal, the provisions of notice, hearing and appeal in chapter  
38 5, article 3 of this title shall apply. The filing of a timely request for a  
39 hearing suspends the imposition of a suspension without pay or a dismissal  
40 pending completion of the hearing.

1           25. Notwithstanding section 13-3108, prescribe and enforce policies and  
2 procedures that prohibit a person from carrying or possessing a weapon on  
3 school grounds unless the person is a peace officer or has obtained specific  
4 authorization from the school administrator.

5           26. Prescribe and enforce policies and procedures relating to the  
6 health and safety of all pupils participating in district sponsored practice  
7 sessions, games or other interscholastic athletic activities, including the  
8 provision of water.

9           27. Prescribe and enforce policies and procedures regarding the smoking  
10 of tobacco within school buildings. The policies and procedures shall be  
11 adopted in consultation with school district personnel and members of the  
12 community and shall state whether smoking is prohibited in school buildings.  
13 If smoking in school buildings is not prohibited, the policies and procedures  
14 shall clearly state the conditions and circumstances under which smoking is  
15 permitted, those areas in a school building that may be designated as smoking  
16 areas and those areas in a school building that may not be designated as  
17 smoking areas.

18           28. Establish an assessment, data gathering and reporting system as  
19 prescribed in chapter 7, article 3 of this title.

20           29. Provide special education programs and related services pursuant to  
21 section 15-764, subsection A to all children with disabilities as defined in  
22 section 15-761.

23           30. Administer competency tests prescribed by the state board of  
24 education for the graduation of pupils from high school.

25           31. Secure insurance coverage for all construction projects for  
26 purposes of general liability, property damage and workers' compensation and  
27 secure performance and payment bonds for all construction projects.

28           32. Keep on file the resumes of all current and former employees who  
29 provide instruction to pupils at a school. Resumes shall include an  
30 individual's educational and teaching background and experience in a  
31 particular academic content subject area. A school district shall inform  
32 parents and guardians of the availability of the resume information and shall  
33 make the resume information available for inspection on request of parents  
34 and guardians of pupils enrolled at a school. Nothing in this paragraph  
35 shall be construed to require any school to release personally identifiable  
36 information in relation to any teacher or employee including the teacher's or  
37 employee's address, salary, social security number or telephone number.

38           33. Report to local law enforcement agencies any suspected crime  
39 against a person or property that is a serious offense as defined in section  
40 13-604 or that involves a deadly weapon or dangerous instrument or serious

1 physical injury and any conduct that poses a threat of death or serious  
2 physical injury to employees, students or anyone on the property of the  
3 school. This paragraph does not limit or preclude the reporting by a school  
4 district or an employee of a school district of suspected crimes other than  
5 those required to be reported by this paragraph. For the purposes of this  
6 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
7 injury" have the same ~~meaning~~ MEANINGS prescribed in section 13-105.

8 34. In conjunction with local law enforcement agencies and local  
9 medical facilities, develop an emergency response plan for each school in the  
10 school district in accordance with minimum standards developed jointly by the  
11 department of education and the division of emergency management within the  
12 department of emergency and military affairs.

13 35. Annually assign at least one school district employee to  
14 participate in a multihazard crisis training program developed or selected by  
15 the governing board.

16 36. Provide written notice to the parents or guardians of all students  
17 affected in the school district at least thirty days prior to a public  
18 meeting to discuss closing a school within the school district. The notice  
19 shall include the reasons for the proposed closure and the time and place of  
20 the meeting. The governing board shall fix a time for a public meeting on  
21 the proposed closure no less than thirty days before voting in a public  
22 meeting to close the school. The school district governing board shall give  
23 notice of the time and place of the meeting. At the time and place  
24 designated in the notice, the school district governing board shall hear  
25 reasons for or against closing the school. The school district governing  
26 board is exempt from this paragraph if it is determined by the governing  
27 board that the school shall be closed because it poses a danger to the health  
28 or safety of the pupils or employees of the school.

29 37. Incorporate instruction on Native American history into appropriate  
30 existing curricula.

31 38. Prescribe and enforce policies and procedures allowing pupils who  
32 have been diagnosed with anaphylaxis by a health care provider licensed  
33 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
34 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
35 and self-administer emergency medications including auto-injectable  
36 epinephrine while at school and at school sponsored activities. The pupil's  
37 name on the prescription label on the medication container or on the  
38 medication device and annual written documentation from the pupil's parent or  
39 guardian to the school that authorizes possession and self-administration is  
40 sufficient proof that the pupil is entitled to the possession and

1 self-administration of the medication. The policies shall require a pupil  
2 who uses auto-injectable epinephrine while at school and at school sponsored  
3 activities to notify the nurse or the designated school staff person of the  
4 use of the medication as soon as practicable. A school district and its  
5 employees are immune from civil liability with respect to all decisions made  
6 and actions taken that are based on good faith implementation of the  
7 requirements of this paragraph, except in cases of wanton or wilful neglect.

8 39. Allow the possession and self-administration of prescription  
9 medication for breathing disorders in handheld inhaler devices, ~~by~~ by pupils  
10 who have been prescribed that medication by a health care professional  
11 licensed pursuant to title 32. The pupil's name on the prescription label on  
12 the medication container or on the handheld inhaler device and annual written  
13 documentation from the pupil's parent or guardian to the school that  
14 authorizes possession and self-administration shall be sufficient proof that  
15 the pupil is entitled to the possession and self-administration of the  
16 medication. A school district and its employees are immune from civil  
17 liability with respect to all decisions made and actions taken that are based  
18 on a good faith implementation of the requirements of this paragraph.

19 40. Prescribe and enforce policies and procedures to prohibit pupils  
20 from harassing, intimidating and bullying other pupils on school grounds, on  
21 school property, on school buses, at school bus stops and at school sponsored  
22 events and activities that include the following components:

23 (a) A procedure for pupils to confidentially report to school  
24 officials incidents of harassment, intimidation or bullying.

25 (b) A procedure for parents and guardians of pupils to submit written  
26 reports to school officials of suspected incidents of harassment,  
27 intimidation or bullying.

28 (c) A requirement that school district employees report suspected  
29 incidents of harassment, intimidation or bullying to the appropriate school  
30 official.

31 (d) A formal process for the documentation of reported incidents of  
32 harassment, intimidation or bullying, except that no documentation shall be  
33 maintained unless the harassment, intimidation or bullying has been proven.

34 (e) A formal process for the investigation by the appropriate school  
35 officials of suspected incidents of harassment, intimidation or bullying.

36 (f) Disciplinary procedures for pupils who have admitted or been found  
37 to have committed incidents of harassment, intimidation or bullying.

38 (g) A procedure that sets forth consequences for submitting false  
39 reports of incidents of harassment, intimidation or bullying.

1           41. Prescribe and enforce policies and procedures regarding changing or  
2 adopting attendance boundaries that include the following components:

3           (a) A procedure for holding public meetings to discuss attendance  
4 boundary changes or adoptions that allows public comments.

5           (b) A procedure to notify the parents or guardians of the students  
6 affected.

7           (c) A procedure to notify the residents of the households affected by  
8 the attendance boundary changes.

9           (d) A process for placing public meeting notices and proposed maps on  
10 the school district's website for public review, if the school district  
11 maintains a website.

12           (e) A formal process for presenting the attendance boundaries of the  
13 affected area in public meetings that allows public comments.

14           (f) A formal process for notifying the residents and parents or  
15 guardians of the affected area as to the decision of the governing board on  
16 the school district's website, if the school district maintains a website.

17           (g) A formal process for updating attendance boundaries on the school  
18 district's website within ninety days of an adopted boundary change. The  
19 school district shall send a direct link to the school district's attendance  
20 boundaries website to the department of real estate.

21           (h) If the land that a school was built on was donated within the past  
22 five years, a formal process to notify the entity ~~who~~ THAT donated the land  
23 affected by the decision of the governing board.

24           42. IF THE STATE BOARD OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT  
25 HAS COMMITTED OR ATTEMPTED TO COMMIT AN OVEREXPENDITURE AS DEFINED IN SECTION  
26 15-107, PROVIDE A COPY OF THE FISCAL MANAGEMENT REPORT SUBMITTED PURSUANT TO  
27 SECTION 15-107, SUBSECTION H ON ITS WEBSITE AND MAKE COPIES AVAILABLE TO THE  
28 PUBLIC AT THE ADMINISTRATIVE OFFICES OF THE SCHOOL DISTRICT.

29           B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this  
30 section, the county school superintendent may construct, improve and furnish  
31 school buildings or purchase or sell school sites in the conduct of an  
32 accommodation school.

33           C. If any school district acquires real or personal property, whether  
34 by purchase, exchange, condemnation, gift or otherwise, the governing board  
35 shall pay to the county treasurer any taxes on the property that were unpaid  
36 as of the date of acquisition, including penalties and interest. The lien  
37 for unpaid delinquent taxes, penalties and interest on property acquired by a  
38 school district:

39           1. Is not abated, extinguished, discharged or merged in the title to  
40 the property.

1           2. Is enforceable in the same manner as other delinquent tax liens.

2           D. The governing board may not locate a school on property that is  
3 less than one-fourth mile from agricultural land regulated pursuant to  
4 section 3-365, except that the owner of the agricultural land may agree to  
5 comply with the buffer zone requirements of section 3-365. If the owner  
6 agrees in writing to comply with the buffer zone requirements and records the  
7 agreement in the office of the county recorder as a restrictive covenant  
8 running with the title to the land, the school district may locate a school  
9 within the affected buffer zone. The agreement may include any stipulations  
10 regarding the school, including conditions for future expansion of the school  
11 and changes in the operational status of the school that will result in a  
12 breach of the agreement.

13           E. A school district, its governing board members, its school council  
14 members and its employees are immune from civil liability for the  
15 consequences of adoption and implementation of policies and procedures  
16 pursuant to subsection A of this section and section 15-342. This waiver  
17 does not apply if the school district, its governing board members, its  
18 school council members or its employees are guilty of gross negligence or  
19 intentional misconduct.

20           F. A governing board may delegate in writing to a superintendent,  
21 principal or head teacher the authority to prescribe procedures that are  
22 consistent with the governing board's policies.

23           G. Notwithstanding any other provision of this title, a school  
24 district governing board shall not take any action that would result in an  
25 immediate reduction or a reduction within three years of pupil square footage  
26 that would cause the school district to fall below the minimum adequate gross  
27 square footage requirements prescribed in section 15-2011, subsection C,  
28 unless the governing board notifies the school facilities board established  
29 by section 15-2001 of the proposed action and receives written approval from  
30 the school facilities board to take the action. A reduction includes an  
31 increase in administrative space that results in a reduction of pupil square  
32 footage or sale of school sites or buildings, or both. A reduction includes  
33 a reconfiguration of grades that results in a reduction of pupil square  
34 footage of any grade level. This subsection does not apply to temporary  
35 reconfiguration of grades to accommodate new school construction if the  
36 temporary reconfiguration does not exceed one year. The sale of equipment  
37 that results in an immediate reduction or a reduction within three years that  
38 falls below the equipment requirements prescribed in section 15-2011,  
39 subsection B is subject to commensurate withholding of school district  
40 capital outlay revenue limit monies pursuant to the direction of the school



1 facilities board. Except as provided in section 15-342, paragraph 10,  
2 proceeds from the sale of school sites, buildings or other equipment shall be  
3 deposited in the school plant fund as provided in section 15-1102.

4 H. Subsections C through G of this section apply to a county board of  
5 supervisors and a county school superintendent when operating and  
6 administering an accommodation school.

7 I. Until the state board of education and the auditor general adopt  
8 rules pursuant to section 15-213, subsection I, a school district may procure  
9 construction services, including services for new school construction  
10 pursuant to section 15-2041, by the construction-manager-at-risk,  
11 design-build and job-order-contracting methods of project delivery as  
12 provided in title 41, chapter 23, except that the rules adopted by the  
13 director of the department of administration do not apply to procurements  
14 pursuant to this subsection. Any procurement commenced pursuant to this  
15 subsection may be completed pursuant to this subsection.

16 Sec. 7. Section 23-355, Arizona Revised Statutes, is amended effective  
17 from and after June 30, 2008, to read:

18 23-355. Action by employee to recover wages; amount of recovery

19 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, if an employer,  
20 in violation of ~~the provisions of~~ this chapter, ~~shall fail~~ FAILS to pay wages  
21 due any employee, ~~such~~ THE employee may recover in a civil action against an  
22 employer or former employer an amount ~~which~~ THAT is treble the amount of the  
23 unpaid wages.

24 B. THIS SECTION DOES NOT AUTHORIZE A COUNTY SCHOOL SUPERINTENDENT TO  
25 ISSUE A WARRANT IN VIOLATION OF SECTION 15-304 OR IN VIOLATION OF ANY OTHER  
26 PROVISION OF LAW.

27 Sec. 8. Repeal

28 A. Laws 2005, chapter 274, section 2, as amended by Laws 2007, chapter  
29 234, section 2, is repealed.

30 B. Laws 2005, chapter 274, section 3, as amended by Laws 2007, chapter  
31 234, section 3, is repealed.

32 Sec. 9. Laws 2007, chapter 234, section 5 is amended to read:

33 Sec. 5. Errors in school district budget calculation;  
34 correction

35 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
36 Statutes, a school district that miscalculated its fiscal year 2004-2005  
37 budget shall be required to correct the error over a five-year period  
38 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if  
39 each of the following conditions exist:

1           1. The school district provides evidence to the superintendent of  
2 public instruction that the school district's budget for the current year is  
3 properly calculated and will not result in any overexpenditures.

4           2. The total amount of the correction from the maintenance and  
5 operations fund that would otherwise be required under section 15-915,  
6 Arizona Revised Statutes, is more than two hundred twenty thousand dollars  
7 but less than two hundred forty thousand dollars.

8           3. The total amount of the correction from the unrestricted capital  
9 outlay fund that would otherwise be required under section 15-915, Arizona  
10 Revised Statutes, is more than three thousand dollars but less than five  
11 thousand dollars.

12           4. The average daily membership of the school district in fiscal year  
13 2004-2005 was more than eight hundred eighty but less than nine hundred  
14 forty.

15           B. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
16 Statutes, a school district that miscalculated its budgets during fiscal year  
17 2005-2006 shall correct the error over a six-year period beginning in fiscal  
18 year 2007-2008 and ending in fiscal year 2012-2013 if both of the following  
19 conditions exist:

20           1. The department of education erroneously doubled the amount that  
21 should have been calculated pursuant to section 15-905, subsection 0, Arizona  
22 Revised Statutes, and that erroneous action resulted in an overstated general  
23 budget limit.

24           2. The total amount of the correction that would otherwise be required  
25 under this section is more than four hundred thousand dollars but less than  
26 one million two hundred thousand dollars.

27           C. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
28 Statutes, a school district that miscalculated its budgets during fiscal year  
29 2005-2006 shall be required to correct the error over a five-year period  
30 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if  
31 each of the following conditions exist:

32           1. The school district reported a total attending average daily  
33 membership count of more than one thousand one hundred pupils and less than  
34 one thousand two hundred pupils for the 2005-2006 school year in the annual  
35 report of the superintendent of public instruction for fiscal year 2005-2006.

36           2. The total amount of the correction that would otherwise be required  
37 under section 15-915, Arizona Revised Statutes, is more than four hundred  
38 thousand dollars but less than four hundred fifty thousand dollars.

39           D. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
40 Statutes, a school district that overexpended its budgets during fiscal years

1 2003-2004, 2004-2005 and 2005-2006 is required to correct these  
2 overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a  
3 ~~five-year~~ SIX-YEAR period in ~~equal~~ installments beginning in fiscal year  
4 ~~2007-2008~~ 2010-2011 and ending in fiscal year ~~2011-2012~~ 2015-2016 if each of  
5 the following conditions exist:

6 1. The total amount of the corrections for fiscal years 2003-2004,  
7 2004-2005, ~~AND~~ 2005-2006 that would otherwise be required under section  
8 15-915, Arizona Revised Statutes, is more than three million dollars but less  
9 than three million four hundred thousand dollars.

10 2. The school district did not receive state aid for equalization  
11 assistance for education during fiscal year 2005-2006 or fiscal year  
12 2006-2007.

13 3. The school district's student count calculated pursuant to section  
14 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than  
15 eight hundred but less than nine hundred twenty.

16 E. In addition to the monies required to be repaid pursuant to  
17 subsections A, B, C and D of this section, accrued interest is required to be  
18 paid at a rate determined by the superintendent of public instruction.

19 Sec. 10. Laws 2007, chapter 238, section 1 is amended to read:

20 Section 1. School district budget overexpenditures; correction;  
21 interest

22 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
23 Statutes, a school district that overexpended its budget during fiscal years  
24 2004-2005 and 2005-2006 shall be required to correct these overexpenditures  
25 plus any overexpenditures for fiscal year 2006-2007 over a ~~five-year~~ SIX-YEAR  
26 period beginning in fiscal year ~~2007-2008~~ 2010-2011 and ending in fiscal year  
27 ~~2011-2012~~ 2015-2016 if all of the following conditions exist:

28 1. The school district is an elementary school district that is  
29 located in a county with a population that exceeds one million five hundred  
30 thousand persons.

31 2. The school district's student count for the 2006-2007 school year  
32 was more than one thousand three hundred pupils and less than one thousand  
33 eight hundred pupils.

34 3. The total amount of the correction that would otherwise be required  
35 under section 15-915, Arizona Revised Statutes, for fiscal year 2004-2005 is  
36 more than six thousand dollars but less than ten thousand dollars.

37 4. The total amount of the correction that would otherwise be required  
38 under section 15-915, Arizona Revised Statutes, for fiscal year 2005-2006 is  
39 more than seven hundred thousand dollars but less than one million one  
40 hundred thousand dollars.

1           B. In addition to monies required to be repaid pursuant to subsection  
2 A of this section, accrued interest is required to be paid at a rate  
3 determined by the superintendent of public instruction.

4           Sec. 11. Optional incentives for school districts previously  
5 placed in receivership; unification and  
6 consolidation assistance

7           A. Notwithstanding sections 15-448 and 15-459, Arizona Revised  
8 Statutes, a school district that was placed into receivership by the state  
9 board of education before December 31, 2007 may conduct an election in May or  
10 June of 2008 to submit to the qualified electors the question of unification  
11 of the school district with another school district with coterminous or  
12 overlapping boundaries or the question of consolidation of the school  
13 district with another school district with coterminous or overlapping  
14 boundaries.

15           B. A school district that was placed into receivership by the state  
16 board of education before December 31, 2007 and that schedules an election to  
17 be conducted in May or June of 2008 to submit to the qualified electors the  
18 question of unification or consolidation of the school district with another  
19 school district with coterminous or overlapping boundaries may use the  
20 following optional incentives if the unification or consolidation is approved  
21 by the qualified electors:

22           1. The accumulation of overexpenditures by the school district shall  
23 be delayed until July 1, 2013 and the school district is required to correct  
24 these overexpenditures plus any unpaid interest over a ten-year period  
25 beginning in fiscal year 2013-2014 and ending in fiscal year 2023-2024.

26           2. Notwithstanding section 15-912, Arizona Revised Statutes, a school  
27 district that consolidated pursuant to this section may increase the revenue  
28 control limit and the district support level based on the secondary assessed  
29 valuation for the first three years of operation by an amount determined as  
30 follows:

31           (a) In the first year for which a budget is computed, ten per cent of  
32 the revenue control limit.

33           (b) In the second year for which a budget is computed, seven per cent  
34 of the revenue control limit.

35           (c) In the third year for which a budget is computed, four per cent of  
36 the revenue control limit.

37           (d) A school district that budgets for consolidation assistance  
38 pursuant to this section may not budget for unification assistance pursuant  
39 to section 15-912.01, Arizona Revised Statutes, during the three year period

1 for which the consolidation assistance is in effect plus an additional two  
2 years immediately thereafter.

3 3. Notwithstanding section 15-912.01, Arizona Revised Statutes, a  
4 school district that unified pursuant to this section may increase the  
5 revenue control limit and the district support level based on the secondary  
6 assessed valuation for the first three years of operation by an amount  
7 determined as follows:

8 (a) In the first year for which a budget is computed, ten per cent of  
9 the revenue control limit.

10 (b) In the second year for which a budget is computed, seven per cent  
11 of the revenue control limit.

12 (c) In the third year for which a budget is computed, four per cent of  
13 the revenue control limit.

14 (d) A school district that budgets for unification assistance pursuant  
15 to this section may not budget for consolidation assistance pursuant to  
16 section 15-912, Arizona Revised Statutes, during the three year period for  
17 which the unification assistance is in effect plus an additional two years  
18 immediately thereafter.

19 4. If a common school district unifies or consolidates pursuant to  
20 this section, any high school pupils that reside within the former boundaries  
21 of the common school district may enroll in any school district that provides  
22 instruction to high school pupils for the next four academic years after the  
23 election at which the qualified electors approved the unification or  
24 consolidation if the school district of attendance allows enrollment of  
25 nonresident pupils.

26 Sec. 12. Emergency

27 This act is an emergency measure that is necessary to preserve the  
28 public peace, health or safety and is operative immediately as provided by  
29 law."

30 Amend title to conform

and, as so amended, it do pass

MARK ANDERSON  
Chairman

2469-se-ed 2469at  
1/30/08 01/28/2008  
H:jjb 9:00 AM  
C: tdb